

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AF-10 AID-20 OMB-01 DODE-00 SS-20 NSC-10

CIAE-00 PM-07 INR-10 L-03 NEA-10 NSAE-00 PA-04 RSC-01

PRS-01 SPC-03 USIA-15 TRSE-00 SAJ-01 EB-11 IGA-02

DRC-01 H-03 /159 W

----- 005985

R 011130Z NOV 73

FM AMEMBASSY VALLETTA

TO SECSTATE WASHDC 4915

USMISSION EC BRUSSDLS

INFO AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY THEHAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USNATO 1318

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E.O. 11652: N/A

TAGS: EFIN, EEC, MT, UK

SUBJ: MINTOFF ATTACKS BRITAIN ON EC POLICY

REF: EC BRUSSELS 6171 (NOTAL); VALLETTA 2138 (NOTAL)

1. SUMMARY: IN PARLIAMENTARY STATEMENT OCT. 31, MINTOFF STRONGLY ATTACKED HMG FOR FAILING TO SUPPORT EC SOFT LOANS FOR GOM. HE CLAIMED THAT DENMARKS OPPOSITION WAS DUE TO MISUNDERSTANDING AND WOULD BE CHANGED, AND THAT FRANCE WOULD ALSO CHANGE ITS POSITION WHEN MATTER IS DISCUSSED IN COUNCIL OF MINISTERS. END SUMMARY.

2. MINTOFF'S STATED THAT AFTER MUCH WORK BY GOM WITH COMMISSION AND MINISTERS, MALTA HAD SUCCEEDED IN CONVINCING COMMISSION TO LIMITED OFFICIAL USE
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CHANGE GOM-EC AGREEMENT AND ADD NEW MEASURES TO HELP MALTESE ECONOMY AND TO ACHIEVE TARGETS OUTLINED IN MALTA'S SEVEN YEAR PLAN. THE MOST IMPORTANT RECOMMENDATION BY THE COMMISSION IS FOR SOFT LOANS.

3. "LAST WEEK I LEARNED TO MY SURPRISE THAT RATHER THAN HELPING MALTA, AS THE FRENCH DO WITH FORMER COLONIES, BRITAIN WAS DOING ITS BEST TO DESTROY THE BEST MEASURE WHICH WOULD BENEFIT MALTA. HMG DID NOT THINK TWICE BEFORE SHOWING US THAT THIS WAS BEING DONE TO MAKE US PAY DEBTS TO BRITAIN UNDERTAKEN BY NATIONALIST GOVERNMENT. GOM HAS EVERY REASON TO REFUSE UNTIL HMG FOLLOWS THE OTHER COUNTRIES THAT ARE MAKING GOOD THE LOSS WE ARE SUFFERING IN RENT VALUE DUE TO PLUNGE IN STERLING."

4. AFTER CASTIGATING BRITAIN FOR "DENYING HIGH IDEALS OF UNITED EUROPE FOR THE VAIN PLEASURE OF TRIPPING UP A SMALL AND POOR PEOPLE, AND THEN EXPECTING MALTA TO BRING WEDDING PRESENT," MINTOFF REFERRED TO HIS MESSAGES OF OCT. 6 AND OCT. 25 TO DOUGLAS HOME (VALLETTA 2120 AND 1864). IN THE LATTER HE CLAIMED THAT HICOM MORETON

HAD:

(A) CONFIRMED THAT HMG SUPPORTS PROPOSAL THAT LOANS TO MALTA BE AT NORMAL EUROPEAN INVESTMENT BANK RATES WHICH ON ECONOMIC GROUNDS WOULD BE A FAIR OFFER;

(B) ACCEPTED HMG'S COMMITMENT TO MALTA ON FINANCIAL COOPERATION ELEMENT, BUT SAID THAT HMG HAD NOT TAKEN A POSITION ON ITS CONTENT AND CONSEQUENTLY HAD NOT SUPPORTED MALTA'S REQUEST FOR SOFT LOANS;

(C) REFERRED TO DOUGLAS HOME'S LETTER OF JUNE 28, 1973 STATING THAT HMG'S OFFER TO HELP GOM IN EC WAS PREFIXED BY HMG WORDS "ONCE THE QUESTION OF LOANS REPAYMENT IS CLEARED UP". SINCE MALTA IS IN DEFAULT

HMG COULD NOT BE EXPECTED TO SUPPORT EC PROPOSALS THAT MALTA SHOULD BE GIVEN MORE FINANCIAL ASSISTANCE THAN ECONOMIC REASONS JUSTIFY. IT IS NORMAL PRACTICE TO TAKE INTO ACCOUNT DEFAULTS IN LOAN FINANCING ;
AND;

(D) STATED THAT HMG WOULD ALWAYS BE READY TO REVIEW ITS POSITION
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SHOULD SITUATION WARRANT IT, AND THERE WILL BE FURTHER OPPORTUNITIES TO STUDY EC MANDATE.

5. LETTER CONCLUDES WITH THREAT "TO INFORM MALTESE PEOPLE OF THIS HOSTILE ACT IF NO INFORMATION REACHES ME ON YOUR CHANGE OF POLICY SOME TIME BEFORE COUNCIL OF MINISTERS MEETING."

6. DURING DEBATE THAT FOLLOWED, MINTOFF STATED THAT SOFT LOAN PROPOSAL WAS THE ONLY RECOMMENDATION OF A FINANCIAL NATURE AND HE WOULD LATER INFORM THE HOUSE OF OTHER ELEMENTS IN THE COMMISSION'S PROPOSAL. HE ADMITTED THAT GOM HAD SOUGHT GRANTS, BUT COMMISSION HAD ONLY GONE SO

FAR AS SOFT LOANS. GOM NOT HAPPY WITH THIS, BUT SINCE COMMISSION HAD SO DECIDED, "THAT WAS IT". OPPOSITION LEADER BERGE OLIVIER SAID THAT "IT WOULD HAVE BEEN A RECORD HAD MALTA BEEN SATISFIED".

7. IN RESPONSE TO QUESTIONING, MINTOFF SAID THAT CHRISTOPHER SOAMES HAD ASSURED HIM THAT HMG WOULD BACK GOM "ALL THE WAY", BUT HMG NOW MAINTAINED THEY HAD NOT SPECIFIED THE FORM OF THIS COMMITMENT, AND THEREFORE HMG HAD NOT SUPPORTED SOFT LOANS.

8. MINTOFF WENT ON TO SAY THAT ACCORDING TO INFO AVAILABLE TO GOM ONLY THREE COUNTRIES OPPOSED; DENMARK, FRANCE AND BRITAIN. GOM HAD CONTACTED DANISH AMBASSADOR AND TOLD HIM THAT DENMARK HAD ALREADY COMMITTED ITSELF TO SUPPORT MALTA. THE AMBASSADOR HAD ASSURED HIM THAT DANISH STAND WAS A RESULT OF A MISUNDERSTANDING WHICH WOULD BE RECTIFIED.

9. AFTER CONTACTING THE FRENCH, GOM HAD REALIZED THAT FRENCH POSITION WAS NOT TO BLOCK MALTA BUT TO ACHIEVE OTHER OBJECTIVES. GOM HAD BEEN INFORMED THAT "FRENCH ATTITUDE WAS GOING TO CHANGE WHEN MATTER IS DISCUSSED IN COUNCIL OF MINISTERS.

10. MINTOFF CONCLUDED BY SAYING THAT "THESE THINGS (HMG POSITION) COULD ONLY BE DESCRIBED AS DISGUSTING AND IT IS IMPOSSIBLE TO DEAL WITH SUCH PEOPLE. THOSE WHO TREATED MALTA IN THIS MANNER COULD NOT EXPECT TO BE CUDDLED."

11. PROBABLY DUE TO LACK OF INFORMATION, OPPOSITION SPOKESMEN REACTED

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CAUTIOUSLY TO MINTOFF'S STATEMENT AND RESTRICTED THEMSELVES LARGELY TO QUESTIONING. IN CALLING FOR A SUSPENSION TO ALLOW TIME FOR OPPOSITION DELIBERATIONS, NAT. M.P. FELICE SAID THAT PERHAPS THE OPPOSITION COULD SHOW SOLIDARITY WITH GOM.

12. COMMENT: MINTOFF'S OUTBURST NOT UNEXPECTED (VALLETTA 2153) SINCE MORETON DID NOT ANTICIPATE INSTRUCTIONS THAT WOULD HAVE COOLED DOWN SITUATION. FAILURE TO BRING UP BASE AGREEMENT IN THIS CONTEXT ALSO CONSISTENT WITH MORETON'S EXPECTATIONS, ALTHOUGH IF TEMPERATURES RISE MUCH FURTHER WE WOULD NOT EXCLUDE THIS POSSIBILITY.

13. WE FIND IT DIFFICULT TO BELIEVE THAT DANES AND FRENCH HAVE AGREED TO SWITCH THEIR POSITIONS. DANISH AMBASSADOR TABOR GAVE NO SUCH INDICATION EITHER TO US OR TO BRITISH DURING HIS VISIT. PERHAPS COPENHAGEN

OR ROME COULD VERIFY. WE WILL CHECK OUT FRENCH AMBASSADOR AS SOON AS WE CAN REACH HIM (NOVEMBER 1 IS HOLIDAY).

14. IT IS INTERESTING TO NOTE THAT DUTCH HAVE ESCAPED ATTACK. WE ASSUME THIS IS EITHER BECAUSE MINTOFF WAS UNABLE TO GET IN TOUCH WITH THEM BEFORE HIS STATEMENT, OR BECAUSE THEY TURNED HIM DOWN. IN ANY EVENT, HE CLEARLY WANTS TO CONCENTRATE HIS FIRE ON BRITISH FOR THE MOMENT.

15. ONE CURIOUS ASPECT OF MINTOFF'S ANGER IS THAT HE HAS SIGNIFICANT OFFERS OF SOFT LOANS FROM NATO COUNTRIES WHICH HE HAS NEVER USED: DOLS 5 MILLION FROM U.S.; DOLS 1 MILLION (INTEREST-FREE) FROM CANADA; 30 MILLION DM FROM FRG AND SUBSTANTIAL AMOUNT STILL UNUSED FROM ITALY.
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